# GOVERNMENT OF INDIA
# STEEL
# LOK SABHA

UNSTARRED QUESTION NO:208
ANSWERED ON:18.07.2016
Fund for Steel Sector
Ashok Kumar Shri K.

**Will the Minister of STEEL be pleased to state:**

(a) whether the Government proposes to create a fund under country''s first sovereign wealth fund National Investment and Infrastructure Fund (NIIF) to address capital requirements of domestic steel companies;

(b) if so, the details thereof;

(c) whether the capital cost is a major factor that affects the competitiveness of Indian Steel Industries; and

(d) if so, the details thereof along with the steps taken/being taken by the Government in this regard?

## Answer

THE MINISTER OF STEEL (SHRI CHAUDHARY BIRENDER SINGH)

(a) No, Madam.

(b) Does not arise.

(c)&(d): Yes, Madam. The capital cost for steel projects in India is currently higher as compared to other countries. The comparative average cost of capital in steel making countries is given in the following table:-

Countries 2015
China 5.6%
Japan 1.2%
Korea 3.7%
India 12.0%

The interest rates are benchmarked on the policy rate set by the Reserve Bank of India (RBI). In order to attract funds, Government has allowed 100% Foreign Direct Investment in steel sector. RBI has also introduced flexible structuring of long term project loan to infrastructure and core industries from the exiting 10-12 years period to 25 years period.

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